

CITY OF ENCINITAS

Proposition K

(This proposition will appear on the ballot in the following form.)

PROP K

Shall an ordinance be approved to amend Section 3.12.030 of the Encinitas Municipal Code to require guests of short-term vacation rental units (less than 30 days) to pay 2% as a special transient occupancy tax to be used only for beach sand replenishment and stabilization projects (the same as the guests staying at Encinitas hotels and motels currently do) effective January 1, 2009?

This proposition requires approval by two-thirds
of the voters voting on the proposition.

CITY ATTORNEY IMPARTIAL ANALYSIS

EXISTING LAW: The City of Encinitas currently imposes a special transient occupancy tax on any hotel guest who rents a unit in a hotel for 30 days or less at a rate of 2% of the rent charged by the hotel operator. Under existing law, any such rental in any structure or portion of any structure which has three or more units is subject to this tax. The term "hotel" is defined to include hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location or other. The tax revenues derived may only be used by the City for beach sand replenishment and stabilization projects.

EFFECT OF MEASURE ON EXISTING LAW: If two-thirds of the votes casts on this measure are "yes," then commencing on January 1, 2009, existing law would be amended to apply the application of a special transient occupancy tax regardless of the number of units in a structure and to expressly include short term rental units (for 30 days or less) in the definition of the term "hotel." Consequently, any guest of a hotel (as defined), regardless of the number of units contained in the structure, along with short term rentals, would be required to pay a special transient occupancy tax at a rate of 2% of the rent charged for use by the City for beach sand replenishment and stabilization projects.

FISCAL IMPACT: Undetermined. The amount of tax revenue that will result from the proposed tax cannot be determined in advance of knowing the amount of rents received by operators of short term rentals.

ARGUMENT IN FAVOR OF PROPOSITION K

Currently all tourists staying in traditional lodging such as hotels, motels, and bed and breakfast establishments in Encinitas contribute funds for beach sand replenishment and shoreline stabilization projects by paying a 2% Transient Occupancy Tax (TOT). This measure, Proposition K, will require tourists staying in short-term vacation rentals to pay the same TOT as tourists staying in Encinitas hotels, motels and bed and breakfast establishments.

IMPORTANTLY, THIS TOT IS PAID BY TOURISTS ONLY, NOT BY PROPERTY OWNERS OR CITY RESIDENTS.

In 1998, the citizens of Encinitas approved, by more than the required 2/3 vote, a 2% special TOT for all guests staying in hotels, motels and bed and breakfast establishments in the City. The 1998 measure did not include short-term vacation units. This measure will include them in the City's beach restoration funding efforts.

With the adoption of the 1998 TOT sand measure, the City of Encinitas was able to afford the highly successful 2001 sand replenishment project as well as ongoing shoreline monitoring and sand projects. By requiring all tourists staying in vacation rentals to pay this special 2% Transient Occupancy Tax, the city will have greater resources to plan and implement future beach sand projects.

Proposition K has been endorsed by a number of businesses, environmental and community groups, including:

Downtown Encinitas MainStreet Association (DEMA)
Seacoast Preservation Association
California Coastal Coalition

JEROME STOCKS
Mayor

DAN DALAGER
Council Member

STEVE ACETI
Executive Director
California Coastal Coalition

ANN P. DUNHAM
Seacoast Preservation Association
Secretary

DON HANSEN
Owner Hansen's

REBUTTAL TO THE ARGUMENT IN FAVOR OF PROPOSITION K

No rebuttal to the argument in favor of the proposition was filed
in the office of the City Clerk.

ARGUMENT AGAINST PROPOSITION K

Although Encinitas **VOTERS ALREADY REJECTED THIS TAX IN JUNE**, the council majority is once again asking residents to approve a sand replenishment tax.

So much for the will of The People!

To add insult to injury, the combined cost to taxpayers of adding these measures to the ballot is at least \$45,000, no small amount at a time when tax revenues are flat or declining.

Regardless of the merits of sand replenishment, **PROP K JOINS A GROWING LIST OF TAXES, BOTH IN OUR CITY AND COUNTYWIDE, MANY OF WHICH HAVE BEEN JUSTIFIED IN THE NAME OF SAND REPLENISHMENT.**

In fact, **THIS IS THE FIFTH SAND REPLENISHMENT TAX PROPOSED IN THE PAST 10 YEARS.** The others were:

- 1) Proposition R in 1998;
- 2) A property tax assessment pushed by the San Diego Association of Governments (SANDAG) and supported by the council in 2002;
- 3) Prop G (the first version of this tax defeated in June); and,
- 4) A multi-billion dollar sales tax increase being proposed by SANDAG for a vote in 2010.

It's time to send the city council a message: Residents, businesses, and consumers in Encinitas are tired of being nickel-and-dimed by local taxes.

VOTE NO ON PROP K!

JOE SHEFFO
Encinitas Resident

BOB NANNINGA
Encinitas Businessowner
Environmental Activist

LANI LUTAR
President/CEO
San Diego County Taxpayers Association

RICHARD RIDER
Chairman, San Diego Tax Fighters

CHRISTINE CARRICO
Encinitas Realtor

REBUTTAL TO THE ARGUMENT AGAINST PROPOSITION K

Don't be fooled by false and misleading accusations made by out-of-town activist groups and others who oppose proposition K.

Consider the following:

1. Last June, 65% of the ballots cast voted in support of Proposition G; the sand tax proposition.
2. This measure closes a loophole in the current hotel sand tax by applying it to tourists staying in short-term vacation rentals.
3. **This fee will NOT be paid by residents, businesses or property owners in Encinitas.**
4. The opponents, who have had no involvement in beach erosion issues until now, argue that visitors staying in Encinitas' short-term vacation rentals should continue to pay no sand tax while those who stay in hotels do. **This is unfair and makes no sense.**

Don't let the entire burden of replenishing sand on local beaches fall solely on the citizens of Encinitas. Let tourists contribute, too.

PRESERVE AND PROTECT OUR BEACHES FOR THE ENJOYMENT OF ENCINITAS CITIZENS, VISITORS AND FUTURE GENERATIONS.

VOTE YES ON PROPOSITION K.

JEROME STOCKS
Mayor

STEVE ACETI
Executive Director
California Coastal Coalition

DAN DALAGER
City Council Member

DOUG LONG
President, Downtown
Encinitas MainStreet Association

SUE STEELE
Vice President, San Dieguito Heritage Museum